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C O N F I D E N T I A L SECTION 01 OF 02 TOKYO 002758

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TAGS: [ETRD](#) [ECON](#) [ECIN](#) [PREL](#) [CH](#) [JA](#)
SUBJECT: AMBASSADOR STRESSES IMPORTANCE OF U.S.
PARTICIPATION IN REGIONAL ECONOMIC ARCHITECTURE TO TRADE
MINISTER NIKAI

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Classified By: AMBASSADOR J. THOMAS SCHIEFFER, REASONS 1.4 B/D

11. (C) Summary. Ambassador Schieffer told Trade and Economy (METI) Minister Nikai that he was concerned about reports that Japan was pursuing East Asian economic integration initiatives that excluded the United States. Nikai replied that Japan, too, wanted to sustain close relations and communications with the United States even as it pursued Asian economic integration efforts. He claimed that ASEAN nations had asked Japan to take this initiative to relieve economic pressure from China. Schieffer said that the United States also wanted to pursue closer economic integration with Japan and to work with Japan to successfully conclude the Doha round talks. Nikai proposed that the two sides establish a study group to explore bilateral economic integration options and agreed success at Doha was important to Japan. In response to the Ambassador's suggestion that the two sides work to revitalize APEC, Nikai replied that Japan did not want to see APEC as a "talk shop." He agreed, however, that APEC was important to Japan's interests. Nikai said he looked forward to meeting the U.S. representative at the APEC Trade Ministers meeting on June 12 and to visiting the United States this summer. End Summary.

U.S. Japan Relations

12. (SBU) Nikai expressed appreciation for the Ambassador's efforts with Japan Defense Agency head Nukaga to strengthen US-Japan security ties. Nikai then said that US-Japan economic relations were also important and he looked forward to working with Ambassador Schieffer on economic issues much as Nukaga had worked closely on security issues. Nikai had seen Commerce Secretary Gutierrez recently, and also had met Energy Secretary Bodman in Doha. He hoped for continuing frequent contact with U.S. officials.

Japan-Asia and Japan-US Relations

13. (C) Reading from his notes, Nikai then said that Japan was an Asian nation, but it wanted to sustain good relations and good communications with the United States even as it pursued economic partnership agreements (EPAs) with Asian counterparts. Ambassador Schieffer responded that the United States wanted to be a part of the region's economic architecture. Japan's EPAs in Asia, the Ambassador noted,

would only be a problem if they resulted in excluding the United States from the region.

¶4. (C) Nikai said he had read in the newspaper that Ambassador Schieffer was interested in Japan's FTA policies. He welcomed this interest and said that Japan should strengthen its economic relations with the United States as it also strengthened bilateral security ties. He implicitly apologized for announcing a new Asian FTA proposal without consulting with the United States in advance when he said that he felt he had to discuss this with Asian counterparts first. Nikai claimed that ASEAN nations were concerned about China's growing influence in the region and that they had asked Japan to exert more leadership. It was in response to these requests that Nikai had announced his Asian FTA proposal. Ambassador Schieffer agreed that close US-Japan communication on trade policy issues would remain important to avoid misunderstandings. Nikai said that as Japan pursues its Asian OECD proposal it would consult closely with the United States as the United States also shared with Japan a stake in the region.

Japan-US Economic Integration

¶5. (SBU) Ambassador Schieffer continued that we should begin to explore the possibility of a US-Japan Free Trade Agreement. The United States would be interested in exploring this. It would not be easy to negotiate a comprehensive trade agreement, but if Japan would implement agricultural reforms such as a system of direct payments to farmers, then that would position Japan for negotiations with the United States, Schieffer added. Nikai agreed the idea merited consideration and suggested that the two sides establish a study group to explore this option.

Asia Pacific Economic Cooperation

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¶6. (SBU) Ambassador Schieffer hoped to see APEC more active and vibrant. He suggested that the United States and Japan build upon this existing structure to promote regional economic integration. One advantage of APEC, he said, was that it involved economies on both sides of the Pacific Ocean. Through APEC, the Ambassador said, the United States and Japan could work together to promote common interests. Nikai agreed that the United States and Japan could work together in APEC, but said that he wanted to avoid seeing APEC turn into a "talk shop." We needed to set measurable objectives for APEC, he said. However, he acknowledged that APEC as a trans-Pacific organization was important to Japan. He said that Japan supported using APEC as a base to support various activities. He looked forward to attending the June 12 APEC Trade Ministers meeting.

China

¶7. (C) Nikai said that the United States and Japan should coordinate closely on China issues. He promised at his next meeting to brief the Ambassador on his impressions of Chinese Premier Wen Jiabao. It was important, he said, for Japan and the United States to communicate closely on China policy issues, Nikai said. Ambassador Schieffer agreed.

Doha

¶8. (SBU) Ambassador Schieffer reassured Nikai that the United States remained committed to seeking a successful conclusion of Doha talks. Nikai replied that Ambassador Portman had called him to explain the recent personnel moves in the U.S. Trade Representative's Office, and had assured Nikai of U.S. commitment to the WTO process. Nikai said he trusted Portman

and was pleased that Portman had introduced Deputy USTR Susan Schwab to him on the telephone. Nikai said that he wants to conclude the Doha talks soon before Japanese attention shifts to the LDP Presidential race this summer and fall.

Japanese Domestic Politics

¶9. (SBU) Nikai explained that he remained in close touch with LDP Dietmember Taku Yamazaki and Komeito Secretary General Fuyushiba. The three of them had each been Secretaries General of the ruling coalition parties (Note; Nikai's New Conservative Party folded into the LDP in 2003. end note) He hoped to invite the Ambassador to meet this group soon.

Biographic Note

¶10. (SBU) Nikai is a strong supporter of the US-Japan security relationship. He appears proud of his role in supporting Prime Minister Koizumi's decision to dispatch Japanese Self Defense Force troops to Iraq, and also proud to have led a delegation of Japanese tourists to New York City soon after 9/11. He mentioned three times that he would be meeting the Prime Minister that evening. He was grateful for President Bush's interest in the North Korean abductee issue. He is also a strong supporter of US-Japan person-to-person exchange programs. He lauded the contribution the Fulbright Program has made to US-Japan relations and said that he wants METI to establish a smaller scale (200-person/year) program to bring American scholars to Japan for periods of study and research.

¶11. (SBU) Nikai also seemed eager to visit the United States as Minister, and said he hoped to visit after the Diet session. Nikai said he felt constrained by the large number of Doha related meetings as Trade Minister, but he really wanted to visit the United States this summer. Nikai appeared anxious to establish cordial relations with the Ambassador. The meeting continued for 40 minutes beyond the scheduled 30-minute time (for a total of 70 minutes) because Nikai invited the Ambassador to be his first guest in his new tea ceremony room adjacent to his inner office.
SCHIEFFER